



# Industry perspectives and Strategy 2020

*Passion to Perform*

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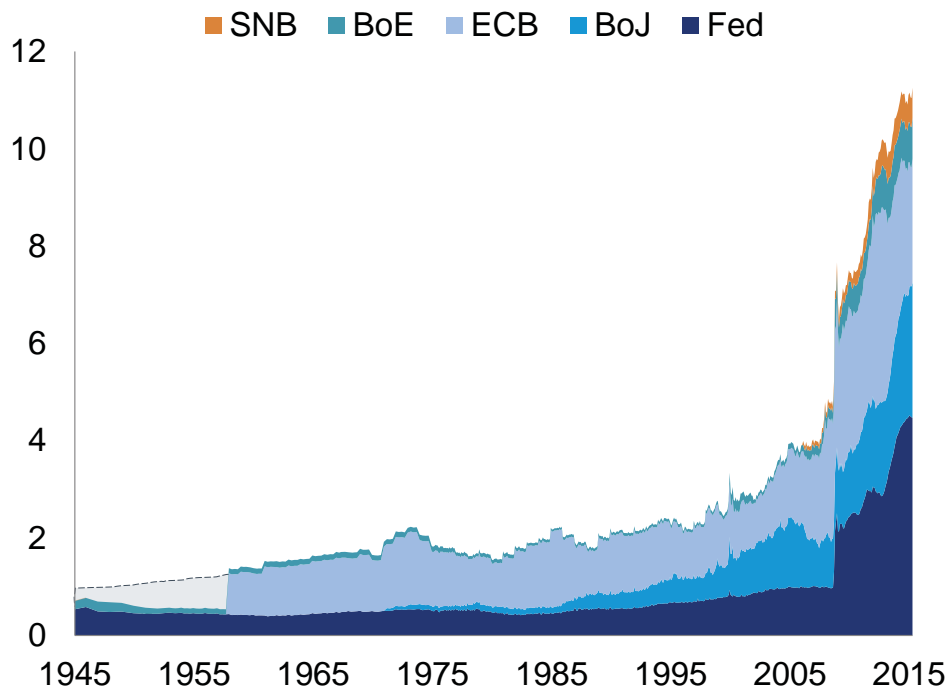


# Key trends that have been driving the industry's performance: Unprecedented monetary stimulus...



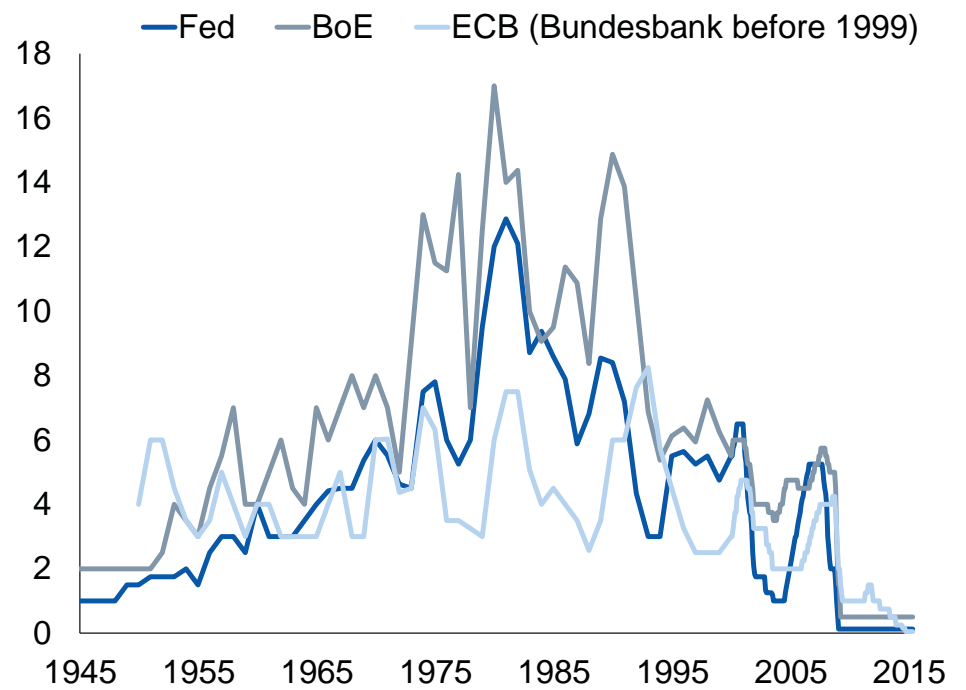
Central bank balance sheet expansion<sup>(1)</sup>

USD trillion



Record low interest rates

Policy rates, in %

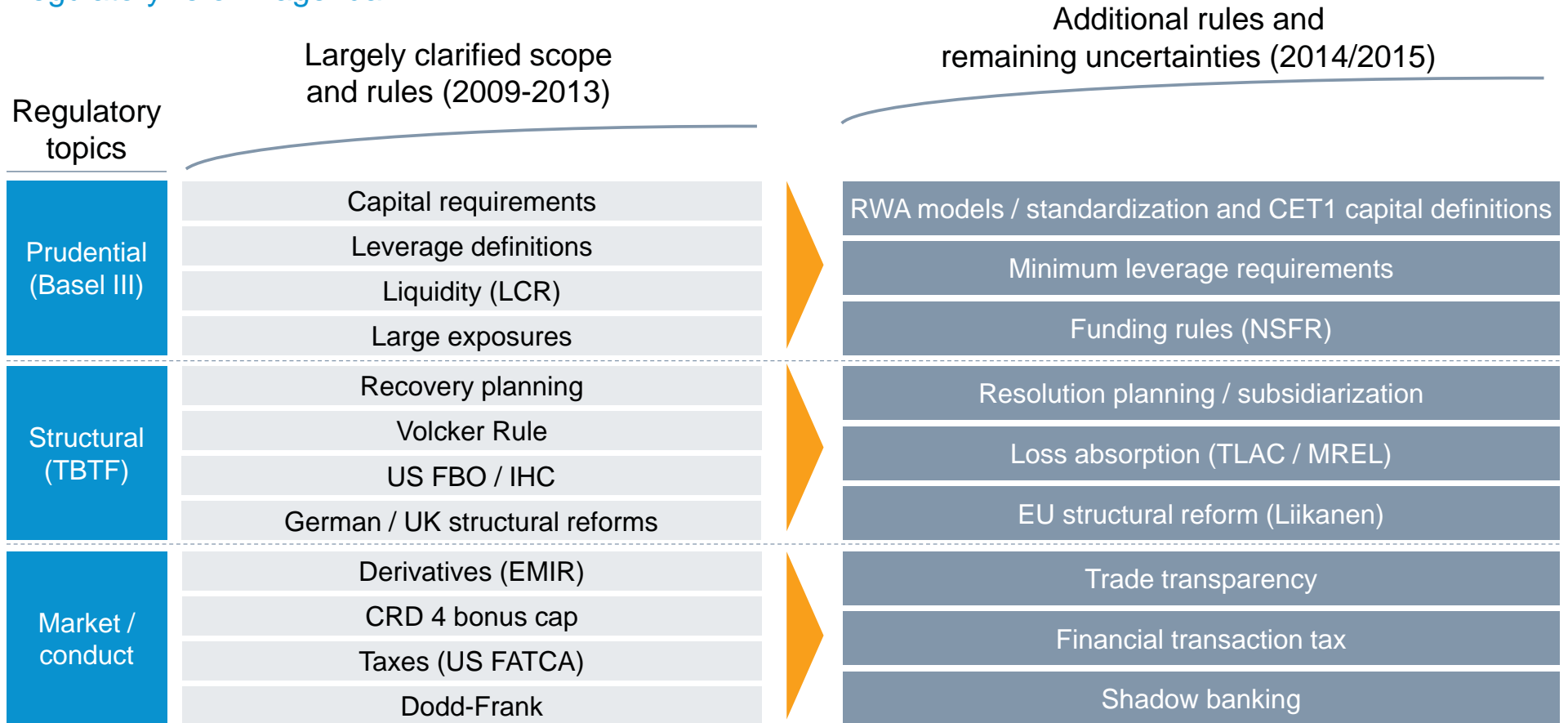


Note: Inflation adjusted. Prior to 1999, ECB data proxied by scaling up Bundesbank data by the factor at the start of the ECB series. Indicative data shown for the ECB/Bundesbank prior to 1957, the BoJ prior to 1971, and the SNB prior to 2006.

Source: Haver Analytics, Fed, ECB, BoE, BoJ, SNB, DB Research

# ...and ever tightening financial regulation...

## Regulatory reform agenda

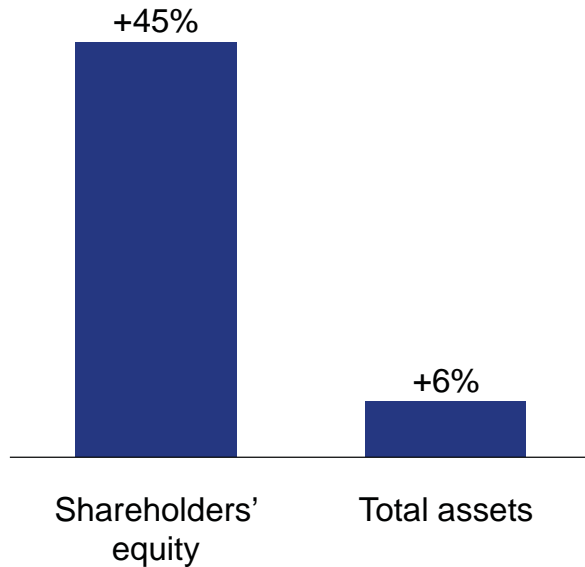


# ...driving the industry to adapt



## Increased resilience and safety

European and US banks,  $\Delta$  2014 vs. 2008



## Drive for complexity reduction but higher costs of compliance

Selected examples / quotes



*"What you probably can't be is large and do complex things and so we continue to work on simplifying the firm."*



*"We will pull out of certain markets. This is a consequence of a review which encompasses all legal, regulatory and operational aspects."*



*"We intend to exit several markets for which we don't see a path for meaningful return."*



*"We've added 13,000 employees focused on compliance and control activities since 2012."*



*"Costs continue to increase globally, in large part to implement regulatory change and to enhance risk controls."*

Source: DB Research, Company disclosures

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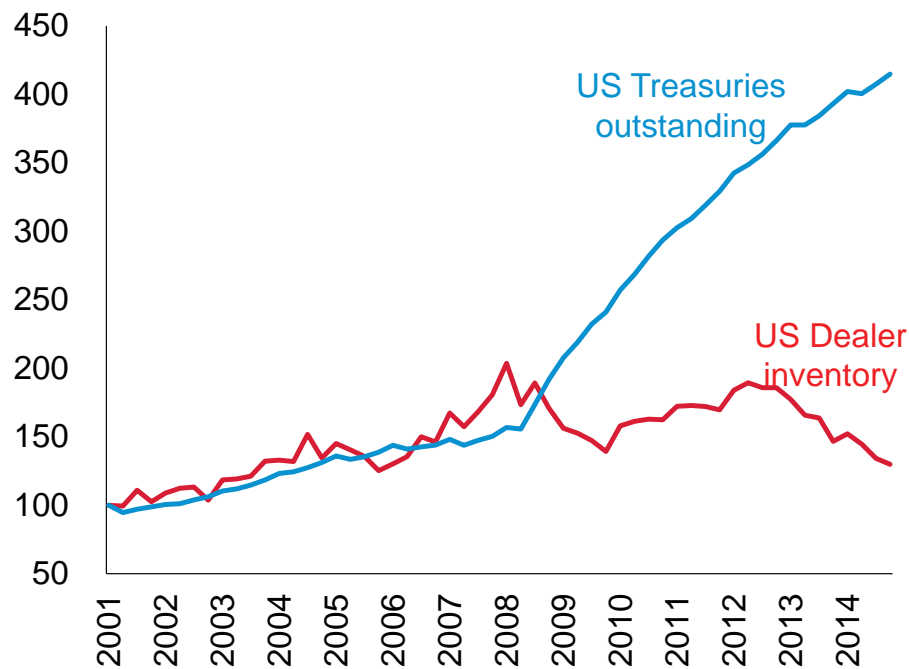
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# Regulation impacting market liquidity, particularly in fixed income



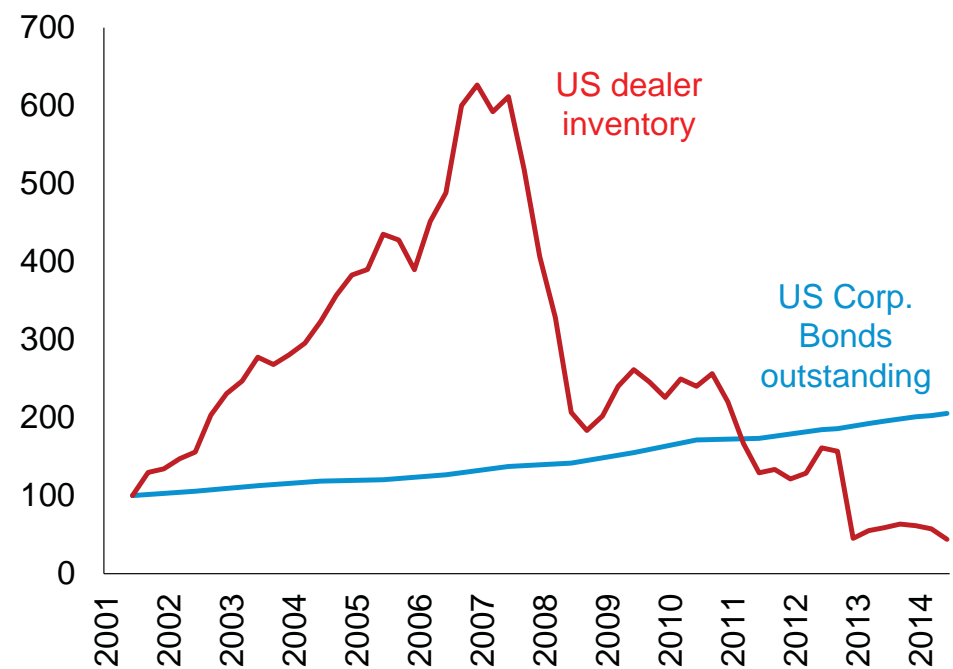
## US Treasury volumes vs. dealer inventory

Indexed to 100 in 2001



## US corporate bond volumes vs. dealer inventory

Indexed to 100 in 2001



Source: DB Research, SIFMA, NY Fed, US Treasury

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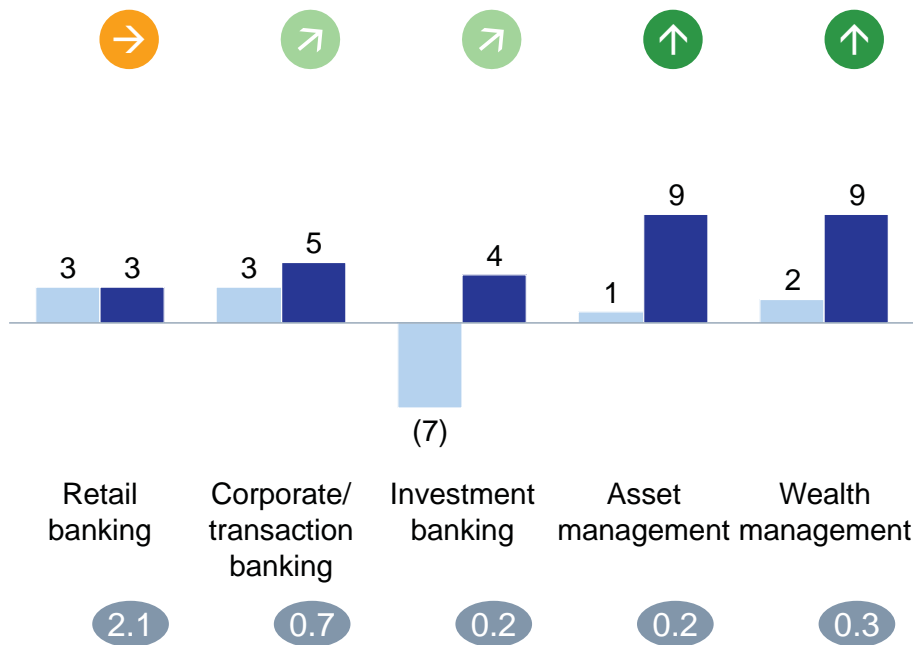
# As a consequence of these developments, industry revenue pools are shifting...



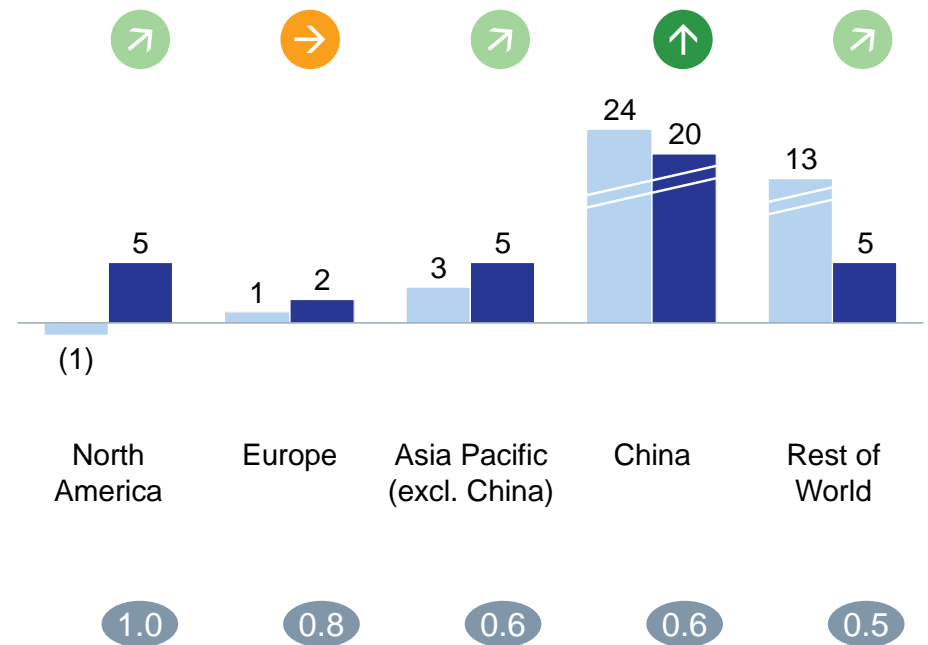
Banking revenue pool growth, CAGR<sup>(1)</sup>, in %

2006-2011 2011-2014  
Revenue pool size, in EUR trn

## Business / product dynamics<sup>(2)</sup>



## Regional dynamics



(1) Compounded annual growth rate

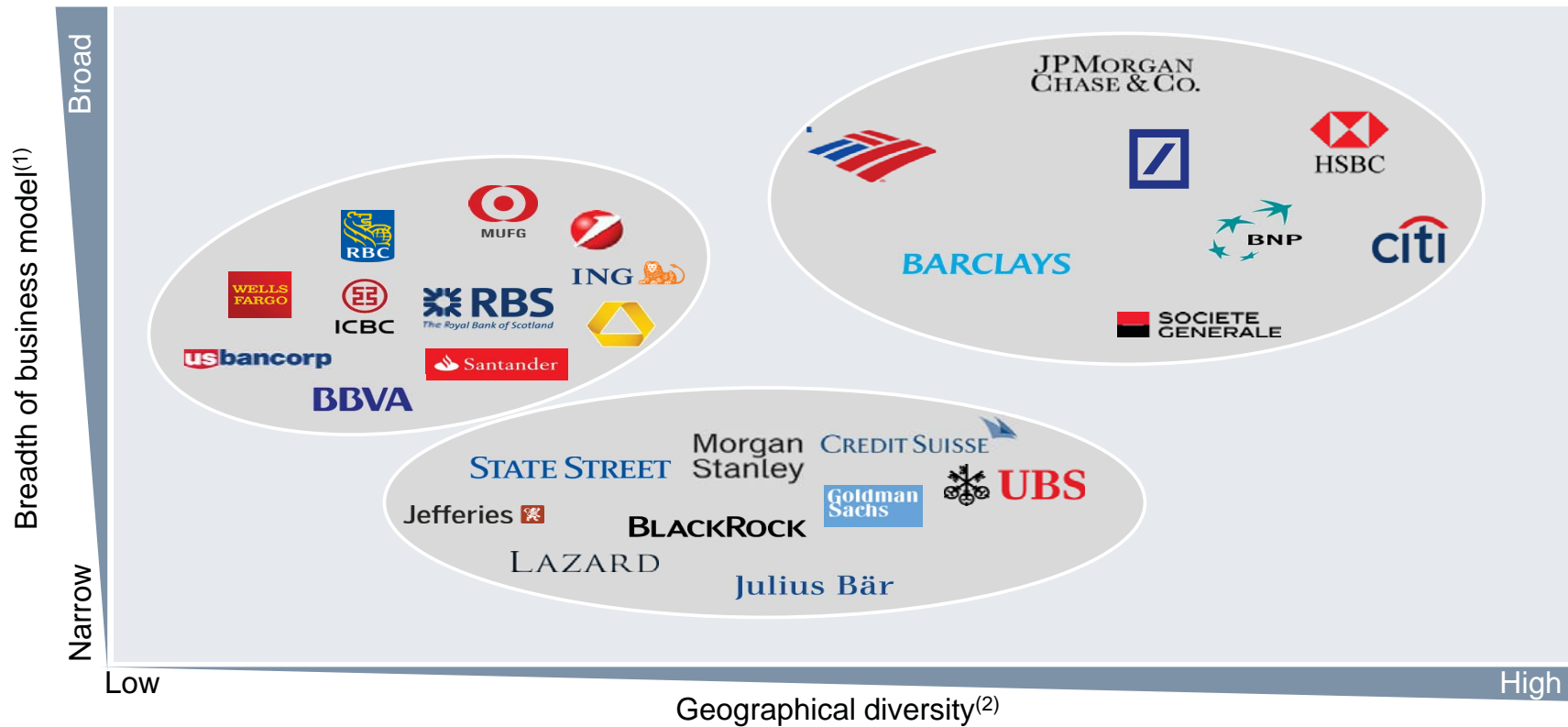
(2) Growth rates excluding China

Source: McKinsey, BCG

# ...and clarity on business models is emerging



INDICATIVE



Note: Qualitative assessments for client-product universe and geographic diversity are indicative

(1) Based on # of products offered

(2) Based on # of countries in which active

Source: Company data

# Deutsche Bank: Strategy 2020 interim update





# We've re-affirmed our identity...



Deutsche Bank: Our unique positioning

Global model anchored in one of the world's strongest economies

Cutting-edge **capital markets** expertise

Global **cash / trade platform** and **asset & wealth** proposition

Advisory-led **retail** franchise positioned for multi-channel delivery

**Top 5** global investment bank, largest in Europe

**Top 3** European transaction bank and integrated AWM franchise

**#1** private sector retail bank in Germany

# ...and are focusing Deutsche Bank on achieving key ambitions



## Strategy 2020

**A leading global bank based in Germany**

### What's constant

**Client-centric**

**Global**

**Universal**

### What changes

**Prioritize mutually beneficial partnerships**

**A more focused network**

**Not all things to all people**

## Medium-term financial ambitions

### Targets

Leverage	≥5% leverage ratio
Capital	~11% CET1 ratio
Profitability	>10% RoTE <sup>(1)</sup>
Cost	~EUR 3.5bn additional gross savings ~65% CIR

### Aspiration

Payout ratio	Aspiration to deliver 50%+ payout ratio <sup>(2)</sup>
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Note: Gross cost savings are countered by increasing cost from inflation, FX changes, cost of growth, cost of regulatory compliance and other cost increases

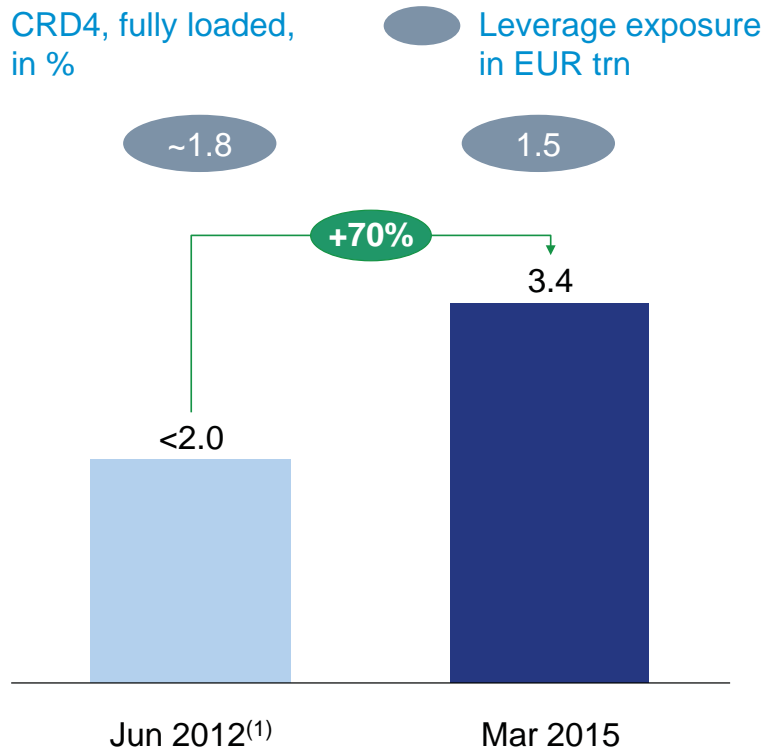
(1) RoTE: Post-tax Return on Tangible Equity is calculated as net income (loss) attributable to shareholders as a percentage of average tangible shareholders' equity. Net income (loss) attributable to shareholders is defined as Net income (loss) excluding post-tax income (loss) attributable to non-controlling interests. Tangible shareholders' equity is the shareholders' equity per balance sheet excluding goodwill and other intangible assets

(2) Through dividends and/or share buybacks

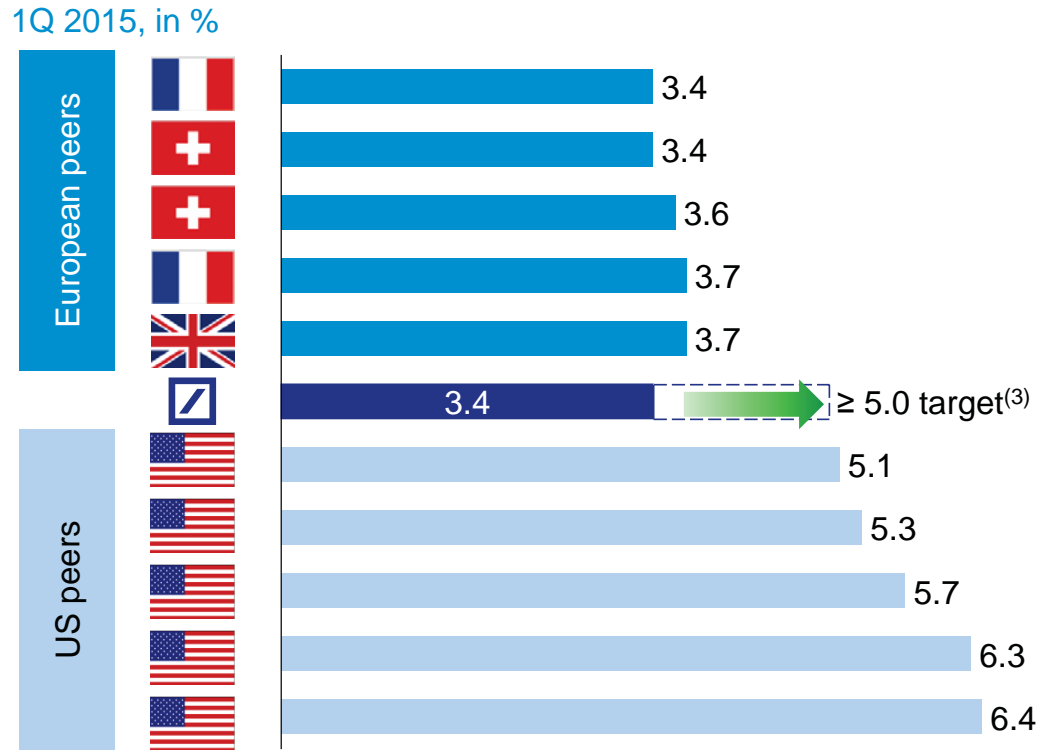
# Leverage: Significant progress on leverage and a further raising of the bar



## Leverage ratio



## Leverage ratio positioning vs. peers<sup>(2)</sup>



(1) Estimates based on June 2012 Basel 3 / CRD4 rule interpretation

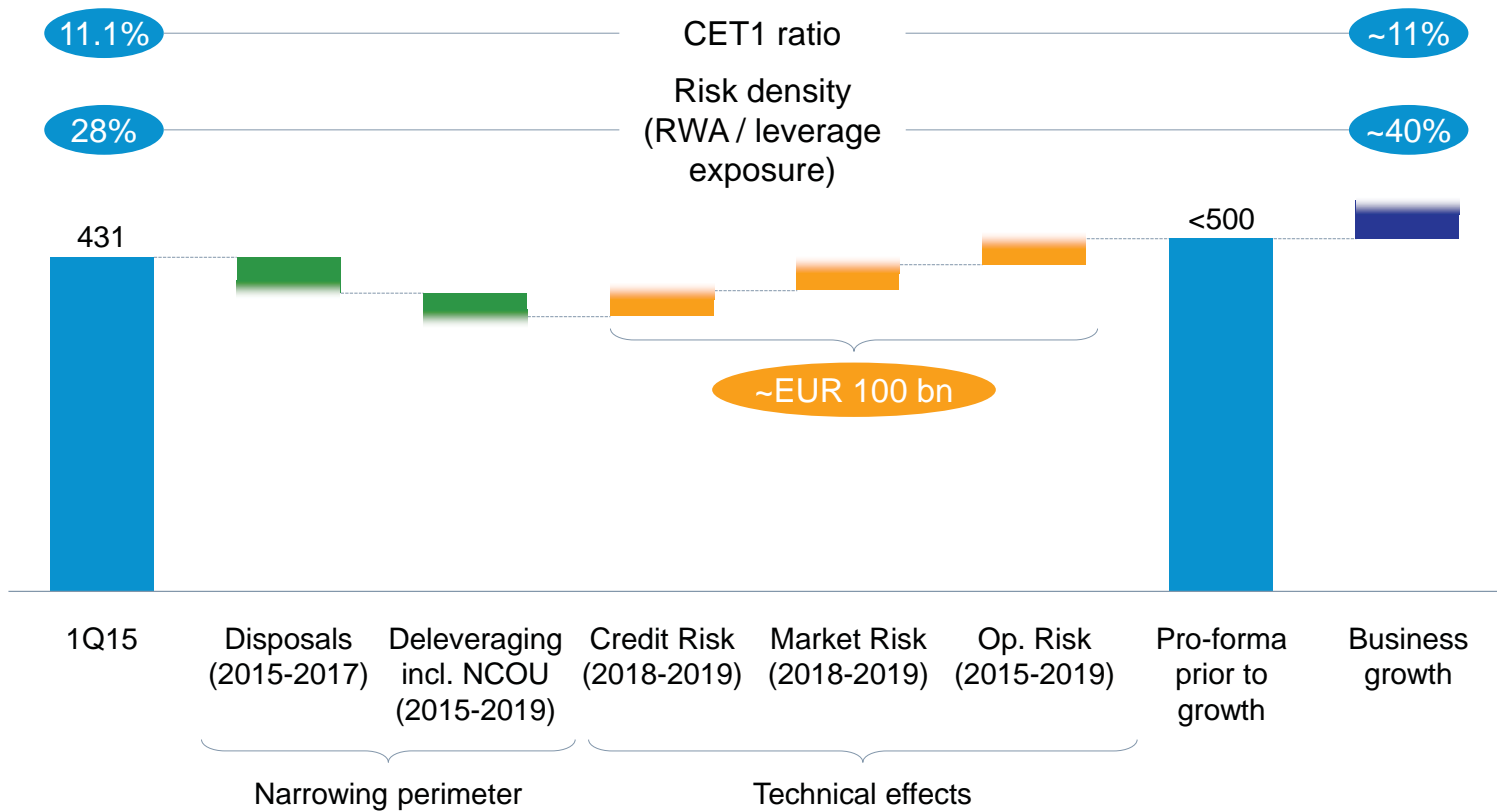
(2) Fully loaded, based on applicable regulatory standard

(3) Medium-term

Source: Company data

# Capital: RWA inflation a manageable headwind

In EUR bn unless stated differently, CRD4, fully loaded



# Cost: Insufficient progress on cost efficiency...



## Focus of investments

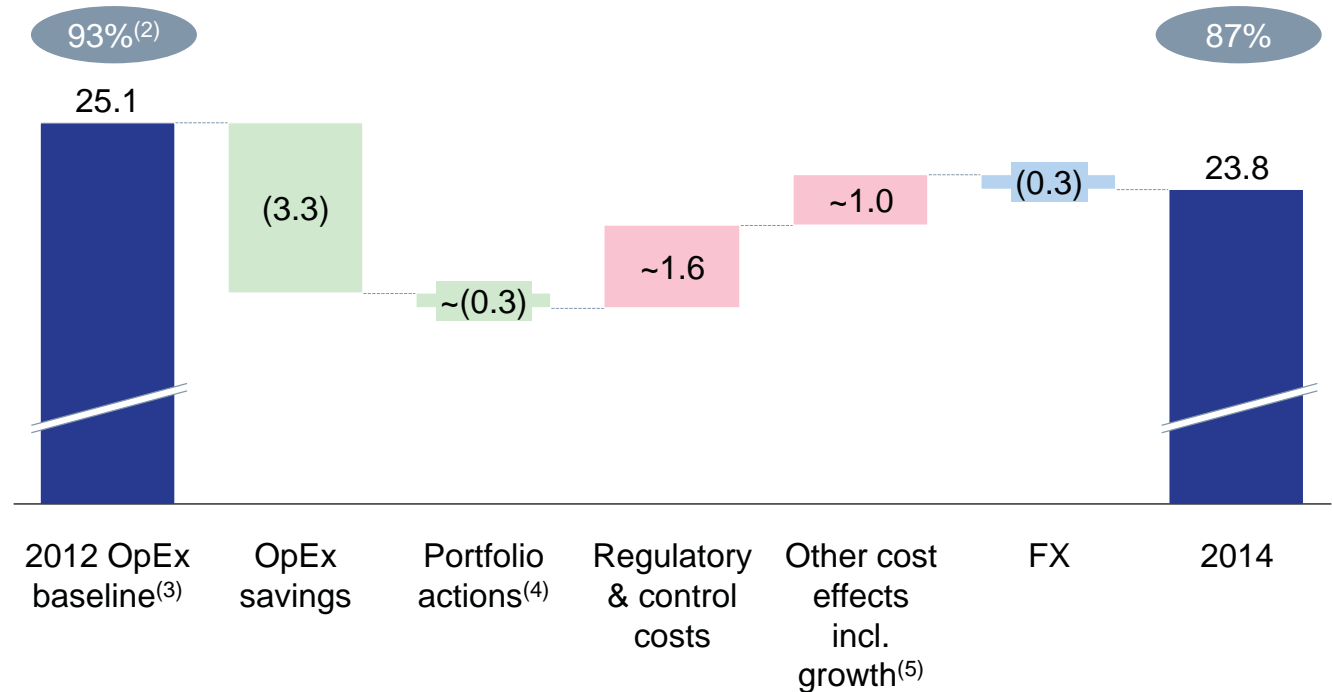
2012-2015



## Adjusted cost base development<sup>(1)</sup>

In EUR bn

Reported cost-income-ratio



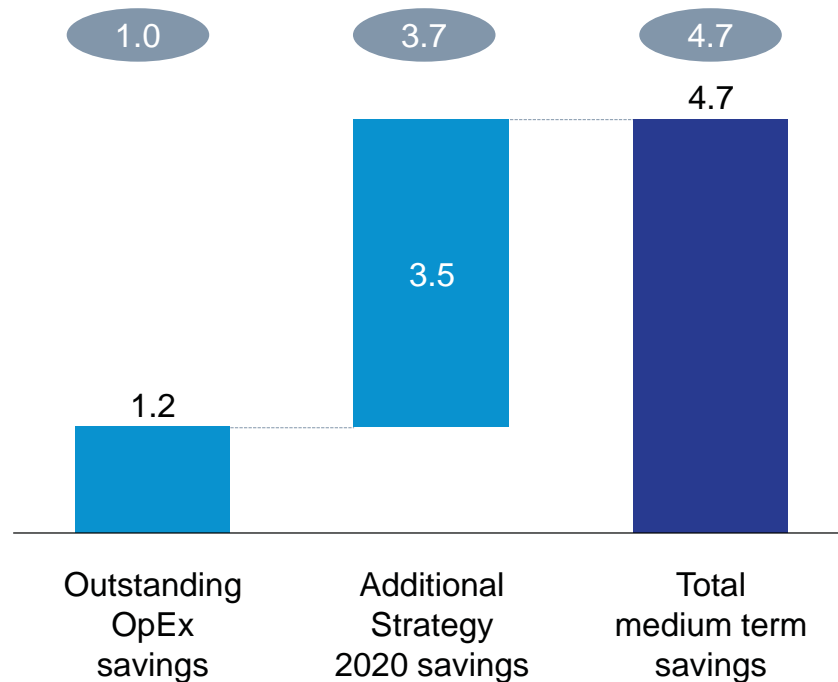
Note: Numbers may not add up due to rounding (1) Excludes Cost-to-Achieve, litigation, policyholder benefits and claims, other severances and smaller specific one-offs and impairments (2) FY 2012 (3) 1H 2012 x 2 as communicated at Investor Day 2012 (4) Mainly divestment of Cosmopolitan of Las Vegas, Tilney, Deutsche Card Services and BHF; run rate benefit from these portfolio actions increasing to ~EUR (0.7)bn in 2015 (5) Business growth ~EUR 0.5bn; Mandatory wage increases ~EUR 0.3bn; Remaining ~EUR 0.2bn

# ...which we are tackling through re-doubled effort



## Targeted organic gross savings<sup>(1)</sup>

In EUR bn



## What will be different this time

Selected examples

● Cost-to-achieve

<b>Complexity reduction</b>	<ul style="list-style-type: none"> <li>Exit of 7-10 structurally unprofitable countries</li> <li>Close up to 200 retail branches in Germany</li> <li>Drive automation via digitalization</li> </ul>
<b>Tightened cost management</b>	<ul style="list-style-type: none"> <li>Stricter internal cost governance including enhanced focus on net cost reductions and headcount</li> <li>Better transparency on regulatory driven cost</li> </ul>
<b>Redesigned target operating model</b>	<ul style="list-style-type: none"> <li>Redesigning processes and operating model to achieve sustainable cost savings</li> <li>Tackling structural levers at the interface of 'front-to-back'</li> </ul>

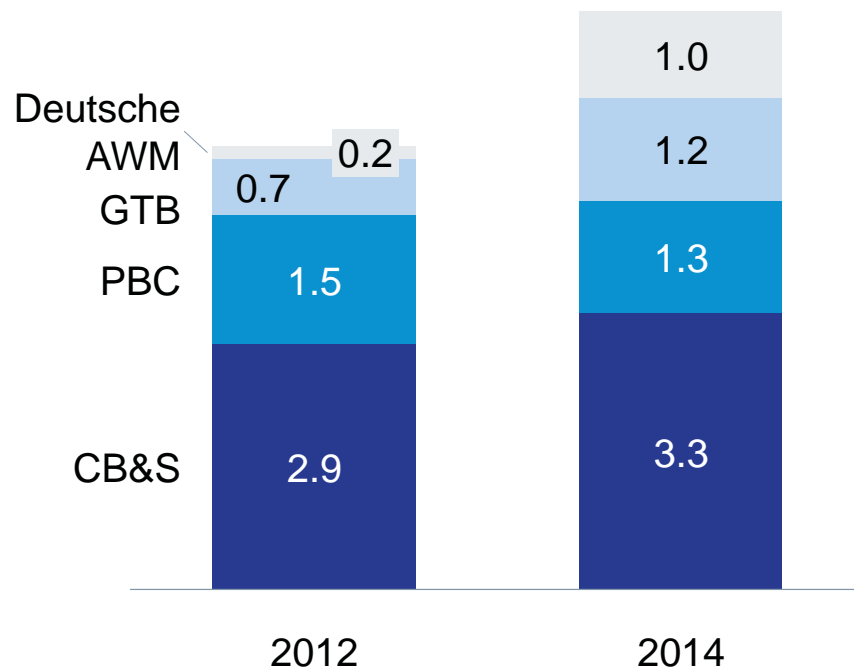
(1) Excludes cost reductions from disposals such as Postbank and NCOU

# We continue to grow our business



## Development of DB's business mix...

Pre-tax profit, core businesses, in EUR bn<sup>(1)</sup>



## ...and priorities in Strategy 2020

Invest in Deutsche AWM to capture future growth

Continue to scale up GTB

Deconsolidate Postbank and transform our private and commercial client franchise

Reduce balance sheet and make focused investments in CB&S

(1) 2014 does not reflect C&A clear-out adjustments as per 1Q2015 disclosure

## Six key decisions to execute



1	Reposition CB&S
2	Re-shape retail
3	Transform our operating model
4	Digitalize DB
5	Grow GTB and Deutsche AWM
6	Rationalize our footprint





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